

PUBLIC TRANSPORTATION FUND CAPITAL IMPROVEMENT PROGRAM

Introduction to Program, Program Goals and Highlights

The purpose of the Public Transportation Fund Capital Program is to provide for the ongoing replacement of aging infrastructure and to support service delivery and expansion. A goal is to achieve the optimal set of capital assets in conjunction with service that best satisfy the mission, goals and objectives of the Transit Division. The 2008-2013 Public Transportation Capital Improvement Program (CIP) appropriations are projected to total \$957 million. This is in addition to \$321 million that is currently appropriated for capital projects bringing the program total to \$1.278 billion for 2007-2013. The CIP focuses on maintaining existing infrastructure and systems, partnering with other regional transportation agencies and providing the physical capacity needed to meet projected service increases.

The Transit Now Initiative passed by King County voters in November 2006 increased the sales tax rate for Transit by 0.1%. Specific capital efforts were targeted to support the service associated with this additional revenue. Funding for the non-Transit Now elements of the program continues to be limited because of the ongoing need to transfer funds to the operating program and fleet replacement costs. Sales tax revenue over the period of the financial plan is slightly higher than projected last year. This has allowed the capital program to absorb construction cost increases in some existing projects and permitted a few new projects. New revenue sources have also contributed to program growth. The currently proposed program is consistent with the adopted 6 Year Plan (6YP).

During 2008 and 2009, Transit staff will be working on major operating and passenger facility projects and implementing smaller scale bus zone improvements. Base expansion and modification efforts will focus on the design and construction of new Operations and Transit Police Buildings at the Central Atlantic campus, mechanical and roof renovations at Ryerson Base, as well as improvements to the operator report area. Transit Center expansions and improvements should be substantially completed at Redmond and Burien in 2008. Security improvements to the Revenue Processing Center and 3 passenger facilities will also be completed during this timeframe. Bus shelters will be added at 100 new sites in both 2008 and 2009.

Following the passage of Transit Now in November of 2006, Transit staff has been working on the design of passenger facilities and meeting with jurisdictions on corridor and signal priority improvements to support RapidRide service. Several interagency agreements for street and traffic signal work will be signed in 2008 and 2009. Software and hardware for real time information signs will be procured. Design of bus stops and stations will occur in both 2008 and 2009, with passenger facility implementation starting in 2009. RapidRide passenger facilities and speed and reliability improvements have been enhanced since the previous budget and will be the focus of future grant proposals.

The bus fleet portion of the CIP has been modified, based on the service increases funded by the Transit Now Initiative and the type of vehicles needed to provide that service. Twenty-two hybrid articulated coaches will be delivered in 2008, increasing both the hybrid fleet and the total number of articulated coaches. New small, low floor buses will replace the existing 35 transit vans in the latter half of 2008. The first 20 hybrid articulated coaches for RapidRide Service will be delivered late in 2009, along with 13 diesel articulated coaches for regular service. This will be followed by major replacement and some expansion of the non-trolley fleet. Between 2010 and 2013, 765 standard and articulated buses will be procured. During the 2008/2009 period, 89 Paratransit vehicles are planned for purchase, 80 replacements and 9 for service expansion. 370 vanpool vans will be purchased in 2008 and 2009, including 180 vans for service expansion that are funded by a state grant.

In addition to completing construction projects and providing adequate fleet for the system, this CIP includes the implementation of three large technology projects that will significantly impact the environment on the bus. The first of these three systems, Smart Card, conducted a system beta test in late 2006 and early 2007. While a formal schedule is not currently available, revenue service is expected to begin in 2008 with full system acceptance in 2009. A vendor contract for the replacement radio system was signed in the spring of 2006 and the project is proceeding with design. Federal approval for spectrum licensing should be completed in 2007. Radio site modifications will be completed in early 2008, with the installation of infrastructure equipment completed in 2009. A vendor contract for the On Board Systems project was signed in 2007. The project will proceed with design in 2008 and prototyping and a pilot installation in 2009. Bus installation of radio and On Board Systems equipment will not be completed until 2010. Successful implementation of these systems is critical to the transit program.

This program includes the following new initiatives: bus purchases; passenger facility enhancements and expanded park and ride facilities supporting the Lake Washington Urban Partnership grant proposal to relieve congestion on SR 520 including the institution of tolling along the corridor; pavement repair at the Auburn Station funded by Sound Transit; pavement reconstruction at North Base funded by Solid Waste, reconfiguration of parking spaces at the Eastgate Park and Ride to gain additional layover space and purchase of ticket vending machines for trial implementation at key transit locations. The new Ryerson Renovation project reflects a combination of building renovation and system replacement efforts previously included in two other projects. Information about these and all the other CIP projects can be found in Transit's proposed CIP book.

Project Prioritization Methodology

The capital improvement program funds projects based on the following priorities: 1) maintaining infrastructure and replacing aging fleets; 2) supporting the implementation of the service delivery system adopted in the 6 year plan; 3) replacing outdated and unsupported information systems; 4) increasing efficiency or productivity that offsets the cost of investment; and 5) forming partnerships with other jurisdictions and businesses throughout the region. The Transit Division annually reviews the CIP to ensure that

funding is consistent with the established priorities and that both regional priorities and the requirements of each group in Transit are balanced within funding constraints. These priorities are included in the adopted Six Year Transit Development Plan for 2002-2007 and are expected to be included when the plan is updated over the next two years.

Consistent with these priorities, the largest portion of this program is associated with maintaining infrastructure. Roughly 57% of the total CIP is related to the maintenance and replacement of existing assets. The reduction in asset maintenance is a shift from historical distributions and reflects the current emphasis on new services funded by Transit Now. Support for the 6YP and RapidRide service, related to passenger facilities, speed and reliability and RapidRide buses, has increased from 7% to 20% of the program with the passage of Transit Now. Another 10% of the CIP is related to capacity expansion, such as additional vehicles, base capacity and layover space. Expenditures on projects with partners are 11%, which is a slight increase due to a new \$41 million partnership proposal related to mitigating the impact of congestion tolling on the SR 520 Bridge.

The Transit Division has quantitative and business processes that allow for the systematic replacement/upgrade of facilities, vehicles, equipment and systems that support the operation of the transit system. Maintenance of buses and vans follows standard preventative maintenance programs based on mileage and age. Discounted life cycle cost analyses are used to examine alternate replacement options, such as shelter types, the level of energy efficient equipment and buildings or when a proposed item differs from the asset being replaced (hybrid versus diesel powered buses). Replacement costs are included in the Public Transportation CIP. Revenue generated by the sale of surplus property is used to fund the capital program. The processes are briefly discussed below.

Revenue vehicles: This category includes buses, vanpool vans and paratransit vehicles. The basis for the timing of bus replacements is the federal standards for bus lives: 12 years for heavy-duty diesel and dual power buses and 18 years for trolleys. Plans include adjustments to accommodate gradual fleet growth, to assure purchase of reasonably sized fleets and to allow adequate time to process new vehicles. Vanpool replacement is based on a six-year life, which balances primary use and resale value. Replacement planning for paratransit vehicles is a combination of age and mileage, based on industry standards for gas and diesel vehicles. Early replacements are considered only in the event that the costs of operating a particular fleet or vehicle have increased to the point that replacement is more cost effective. Funding for replacement is provided in the capital program. The Revenue Fleet Replacement Fund is used to collect funds for future bus replacement.

Facilities and equipment: This category includes all transit-owned operating facilities, passenger facilities where Transit is responsible for the operation and maintenance, and the overhead trolley system and equipment. The Transit Asset Management Program (TAMP) is designed to *“Preserve existing King County Transit plant and equipment to accomplish the purpose(s) for which they were constructed or purchased. Replacement equipment and/or infrastructure as indicated by the facilities and equipment assessment, inspections, maintenance, reporting, and other criteria...”* A multi-year projection of

work and annual budget decisions are based on information in the annual Transit Facilities Condition Report prepared by the Design and Construction section. That report is the result of inspections by internal engineering staff and/ or engineering consultants. Information from this inspection report is combined with prioritization factors for safety, regulatory requirements, continuing transit operations, preservation of the environment, resource constraints and economy of operations.

Non-Revenue Vehicles: This category includes all motorized vehicles used by the Transit Division that are not used in revenue service. King County adopted guidelines for vehicle replacements are used to manage this fleet. Guidelines include both age and use variables, and are included in the narrative for this project. Staff in Vehicle Maintenance maintains replacement schedules that reflect current status of vehicles relative to the replacement criteria.

Personal Computers and Peripherals: This category includes all personal computers, printers, scanners, etc. used by the Transit Division. Currently a useful life of 4 years is assumed for desktop and laptop machines and 5 years for printers. Actual replacement is based on condition assessments and early replacements are considered only in circumstances where business needs cannot be met with existing equipment. The current industry practices of planned obsolescence of equipment and software make managing the replacement of this equipment more challenging.

Information Systems: This category includes all ‘mission critical’ systems used by the Transit Division. Replacement of servers and other system hardware is based on a 5-year life, which is a King County standard. Individual systems are evaluated to determine when replacement is recommended. Hardware is replaced early if it can no longer perform its original function or if maintenance is no longer available or becomes costly. Replacement is delayed if hardware continues to perform well. Server equipment capacity and performance is reviewed at least annually. While Transit enjoys the benefits of operating vendor supported versions of software packages, this does result in periodic changes to transit systems.

Appropriation (Budget) Request

The budget authority requested for the 2008-2009 biennium totals \$542 million, including the disappropriation of funds for some projects. The requested budget authority is incremental to the sum of the 2006 carryforward, 2007 adopted budgets and 2007 supplemental requests, bringing the total budget authority to \$863 million. Because the new request reflects a biennial budget, it is higher than in previous years.

Appropriation requests for each project have been reviewed and reflect amounts to either be spent or committed on projects during 2008 and 2009. By the end of 2009, budget authority associated with future commitments (amount unspent) will total \$387 million. The majority of this represents contractual commitments for fleet procurements. The Central/Atlantic Expansion, Radio AVL Replacement, On Board Systems, BRT Corridor, and SR520 Urban Partnership also have significant commitments at the end of 2009.

Cash Flow

The proposed biennial budget has a 2007-2012 expenditure cash flow of \$1.08 billion. This is a \$76 million increase over the \$1.01 billion 2007 amount with supplementals for the same timeframe. This figure is net of a \$71 million reduction in bus fleet procurements during that same timeframe. This resulted from a more even fleet procurement plan that moves replacement expense into later years. Revenue backed changes total \$74 million, with the largest amounts for the SR520 Urban Partnership and RapidRide corridors. Construction material costs and local market conditions led to increases in construction projects. TAMP projects that moved into this timeframe accounted for a \$6 million increase. TOD projects also increased, primarily related to the increased value of land at South Kirkland.

Transit's CIP performance measure is the accomplishment rate, which is targeted at 90%. The 2006 actual accomplishment rate was 89%. Projects with the largest underexpenditures were: Northgate TOD, due to a delay in lease negotiation; Operating Facilities Improvement, due to schedule delays in building renovations; fall protection and security work; and Radio AVL due to delays in contractor and consultant work. With the exception of \$2 million savings for the Issaquah Park and Ride, all the change was due to shifts in the timing of expense.

Growth Management Act and King County Comprehensive Plan Issues

The Growth Management Act requires that transportation, including transit service, be consistent with urban and rural land use plans. The transportation system as a whole is required to maintain level-of-service standards concurrent with the timing of land use developments. Concurrency requires that new development meet adopted transportation levels of service and that transportation improvements, strategies, or actions are available "concurrent" with new development. In general, transit service is concurrent with new development, because the presence of transit service may reduce the need for road improvements normally required to achieve concurrency.

King County's adopted Six-Year Transit Development Plan (6YP) for 2002-2007 builds upon an earlier plan and implements the transit service strategies and outlines the capital projects necessary to support the service plan. The six year plan represents the first phase of implementing the transit strategies of the King County Comprehensive Plan, which covers the next 20 years. The current Capital Improvement Program goes beyond the time horizon of the adopted six year plan to 2013. Short and long term service policies will be the focus of discussion over the next few months resulting in a Comprehensive Plan and a Strategic Plan.

Financial Planning and Policy Overview

One fourth of the total sales tax collected for King County Metro Transit (.225% of the .9%) is assigned to the capital program. The current forecast for sales tax collections in King County is better than what was in the 2007 adopted budget, reflecting a continued strength in the local economy.

Federal grant projections have remained robust. However, federal grants have the potential to be quite volatile and could have a substantial impact on the proposed CIP. In addition to the uncertainties about the amount of federal funding that is available, actual grant awards are subject to a regional approval process. Federal budget decisions as well as future regional grant competitions may adversely impact current assumptions. The current capital program includes new projected grants of \$41 million for projects associated with the 520 Urban Partnership and \$21 million for RapidRide corridors.

In order to capture grant funding as soon as possible, a larger proportion of capital grant awards each year are planned to be taken as preventative maintenance and used to fund the Revenue Fleet Replacement Fund. This allows Transit to capture grant funds that otherwise would have remained with the federal government until the time that fleet replacements occur. Preserving these funds in the Revenue Fleet Replacement Fund ensures that future fleet replacements are adequately funded.

Contributions from the Revenue Fleet Replacement Fund (RFRF) are made to the CIP in years when fleet is purchased. The target contribution to the CIP is equal to the non-grant funded portion of the fleet cost. The RFRF fund balance requirements are based on annual projections of future fleet procurements and projected grant funding. The RFRF is primarily funded with a combination of sales tax and federal 'preventative maintenance' grants. As a result, the balances in the RFRF will grow each year until the fleet replacements begin and will fluctuate with annual purchases. The balances in the fund remain relatively high during the planning horizon through 2016. By 2017, the majority of the current fleet will have been replaced and the fund balance is projected to decline. Funds remain in the RFRF in anticipation of the next round of fleet replacements.

Historically, the operating program has contributed to the capital fund. Beginning in 2003, the capital fund began to make significant ongoing contributions to the operating program. During the time period of this CIP, the amount being contributed from the capital fund to the operating fund changes annually and averages about \$40 million each year. These contributions reduce the amount available for use on capital projects.

This financial plan assumes the issuance of \$22.5 million in additional long-term debt. During 2004, \$50 million in debt was issued. In the current planning period only the Central/Atlantic Base Expansion project will meet the financial policy criteria and be eligible for long term debt financing. Based on current financial policies, long-term debt can only be issued for projects that have a life of 25 years or more.

To meet short-term cash flow needs, the capital fund is able to borrow from the RFRF. During the period of this financial plan, cash flow needs are met by the capital fund and there is no borrowing from RFRF.

The 2008/2009 financial plan assumes that under-expenditures will occur in the near term in 2007 and 2008. In estimating the amount of under-expenditure, it is assumed that fleet procurements will occur as scheduled and that both grant and other revenue backed

expenditures will also occur as scheduled. Fleet procurements have consistently occurred close to schedule. Lower expenditures in grant and other revenue would essentially result in an equal reduction in revenue for no net impact to the fund balance. Underexpenditures are expected to reduce the overall level of projected spending by \$8.9 million by 2013.

As expected with the implementation of Transit Now, once the capital investments are completed, the funding from the .1% is needed to support service. This is evidenced by the fact that the capital fund balance declines throughout the period, falling to less than \$1 million by the end of 2016. This is the low point in the 2007-2013 timeframe. These fund balances indicate that additional project costs or lower than anticipated revenue will need to be offset by deleting currently programmed projects or identifying additional revenue.

2008-9 Significant Project Highlights

The total 2008 and 2009 Transit Division capital improvement program (CIP) appropriation request is \$542,179,901.

40-Ft. Diesel Buses: 2008-9 Proposed Budget \$190,097,230

60-Ft. Articulated Buses: 2008-9 Proposed Budget \$151,943,094

The fleet budget is increased significantly in 2008-2009 to replace older vehicles consistent with asset replacement guidelines and to provide for projected service growth. This procurement process will include 389 40 foot buses and 431 articulated buses. Of the articulated buses, 100 are planned for RapidRide service. Once completed in 2013, this phased procurement will result in a fleet mix resulting in increased reliance upon longer buses and hybrid buses.

SR520 Urban Partnership: 2008-9 Proposed Budget \$32,678,647

King County Metro Transit, WSDOT and the Puget Sound Regional Council submitted a proposal to the U.S. Department of Transportation to establish congestion pricing on the SR 520 bridge as early as 2009. In August 2007, King County was notified that they won the federal grant competition and will receive funding contingent upon the state approving tolling on the SR 520 Bridge. If tolls are established it is predicted that transit demand will grow by as much as 35% on the corridor. This project budget will respond to the anticipated demand by adding 45 more buses to the fleet, construct shelter upgrades and add up to twelve real time information signs. The operating costs of the new service are expected to be paid for by WSDOT, but an agreement is not yet in place for this payment.

South Kirkland TOD: 2008-9 Proposed Budget \$25,000,000

The South Kirkland Park and Ride is a viable location for a transit oriented development project involving mixed use real-estate. The scope of this project has increased to include an additional 250 park and ride stalls pending resolution of Urban Partnership

Grant eligibility. In August 2007, King County was notified that they won the federal grant competition and will receive funding contingent upon the state approving tolling on the SR 520 Bridge. The project scope has also increased due to higher land values and the potential award of a grant to cover the cost of a transit center.

While project negotiations are on-going with the cities of Kirkland and Bellevue the scope will be adjusted as necessary as grant availability is determined. The funding and project scoping issues will be addressed in 2008 during the project design phase.

Ryerson Base Renovation: 2008-9 Proposed Budget \$12,936,879

This project will address facility infrastructure replacement as well as facility improvements to allow for future service growth. The infrastructure replacements for this facility constructed in 1986 include: a new roof; heating, ventilation and air-conditioning systems (HVAC); fire detection system; interior lighting and an emergency generator.

Bus Rapid Transit Corridor Initiative: 2008-9 Proposed Budget \$11,979,130

Rapid Ride Passenger Facilities: 2008-9 Proposed Budget \$5,978,028

Real Time Information: 2008-9 Proposed Budget \$4,593,302

Following the passage of the Transit Now initiative in November 2006, the Transit Division researched the scope and cost of the voter approved measure. The 2008-9 biennial budget request provides authority to accomplish the following:

- Implement speed and reliability along the five RapidRide corridors. The investments will include upgrades to traffic control systems to accommodate transit signal priority, a new wireless bus detection system, in-street communication infrastructure and roadway improvements.
- Design and construction of upgraded passenger facilities and bus layover improvements on the five corridors.
- Procure and install real time customer information signs at select stops on the five corridors. These signs will display the estimated next bus arrival time (within a few minutes of actual arrival) to waiting customers beginning in 2010.

The following table displays the projects greater than \$4,000,000 requested in the 2008-2009 Biennial Executive Proposed Budget.

Significant Projects Transit Capital Improvement Program	2008-2009 Executive Proposed Budget	Continuation of Existing Project
40-Ft. Diesel Buses	\$190,097,230	X
60-Ft. Articulated Buses	\$151,943,094	X
SR520 Urban Partnership	\$32,678,647	
Transit Asset Maintenance	\$26,440,484	X
South Kirkland TOD	\$25,000,000	
Ryerson Base Renovation	\$12,936,879	X

Significant Projects Transit Capital Improvement Program	2008-2009 Executive Proposed Budget	Continuation of Existing Project
Bus Rapid Transit Corridor Initiative	\$11,979,130	X
Transit Oriented Development	\$9,062,377	X
Bus Safety and Access	\$8,924,320	X
Vanpool Fleet	\$8,590,478	X
Operating Facility Capacity Expansion	\$7,849,836	X
Rapid Ride Passenger Facilities	\$5,978,028	X
Operating Facility Improvements	\$5,953,990	X
Non-Revenue Vehicle Replacement	\$5,028,944	X
Real Time Information	\$4,593,302	X
ADA Paratransit Fleet	\$4,318,673	X
Burien Transit Center	\$4,105,977	X

Council Adopted Budget:
No changes.

CIP Program Accomplishments and Completion Lists

Projects Completed in 2006

A00055	AUTOMATED PASSENGER COUNTER
A00486	EASTGATE PARK AND RIDE
A00487	FEDERAL WAY PARK & RIDE
A00488	ISSAQUAH HIGHLANDS
A00515	RYERSON BUS BASE PKG IMPR
A00516	POWER DISTRIBUTION HDQTRS
A00525	IBIS UPGRADE

Projects to be Completed in 2007

A00010	ADA MOBILE TERMINALS
A00051	SEATTLE CORE TR. PRIORITY
A00052	HWY 99S TRANSIT CORRIDOR
A00331	ADA BROKER EQUIPMENT
A00455	SERVICE QUALITY INFO SYS
A00523	S&R TUNNEL CLOSURE
A00532	COMMUNICATION CENTER RELOCATION
A00569	GREENLAKE P&R IMPROVEMENTS
A00582	SO. LK UNION STREETCAR START-UP

Projects to be Completed in 2008

A00001	BIKE RACKS - TRI-CARRIER
A00326	BOSS REPLACEMENT PROJECT
A00450	DUCT RELOCATION
A00480	60 FT TROLLEY BUS/BREDA CONVERSION
A00505	TRANSIT SECURITY ENHANCEMENT
A00541	TUNNEL MODS, ENHANCE & RETRO
A00561	MONTLAKE BIKE STATION
A00563	NORTH BEND PARK & RIDE
A00565	BURIEN TRANSIT CENTER
A00566	PINE ST LINK CONTR - TROLLEY REROUTE
A00574	REDMOND TRANSIT CENTER
A00575	FIRST HILL PARK AND RIDE
A00585	MUSEUM OF FLIGHT PASS-THRU
A00593	HIGHLINE COMMUNITY COLLEGE
A00594	SHORELINE FUNDING EXCHANGE
A00601	AUBURN ST STATION

Projects to be Completed in 2009

A00113	25 FT TRANSIT VANS
A00320	REGIONAL FARE COORINATION
A00411	EZ-RIDER PASS THRU
A00473	TDC URBAN AMENITIES
A00484	NORTHGATE TOD PARK AND RIDE
A00510	ELLIOTT BAY WATER TAXI
A00571	ADA SYSTEM ENHANCEMENTS
A00584	ST OBS REIMBURSEMENT
A00586	BELLEVUE BUS LAYOVER PROJ
A00603	EASTGATE P&R LAYOVER
A00604	SOUTH KIRKLAND TOD
A00605	TICKET VENDING MACHINES